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FIFTY-SEVENTH

Annual Report

1957



NEW YORK DOCK COMPANY

BOARD OF DIRECTORS

HAROLD J. CASTER, *Vice President
of the Company*

GEORGE A. JENCKES, *President
Fairy Silk Mills, Inc.*

FRANK FRENCH,
Independent Investor

JOHN F. McGLINN, *Assistant Treasurer
of the Company*

JACOB L. HAIN,
Financial and Business Consultant

JOSEPH A. MURPHY, *President and
Treasurer of the Company*

PIERCE B. HETTINGER, *Partner
Hettinger Brothers*

WILLIAM G. ROBERTS, *Vice President and Secretary
of the Company*

CLARENCE C. ULMER, Jr., *Sales Manager
Hettinger Brothers*

OFFICERS

JOSEPH A. MURPHY, *President and Treasurer*

WILLIAM G. ROBERTS, *Vice President and Secretary*

MAY C. CULLEN *Assistant Secretary*

HAROLD J. CASTER *Vice President*

EDWARD F. KING *Assistant Treasurer*

RAYMOND J. CRISCUOLO *Auditor*

JOHN F. McGLINN *Assistant Treasurer*

TRANSFER AGENT

MANUFACTURERS TRUST COMPANY
55 Broad Street, New York 15, N. Y.

REGISTRAR OF STOCK

GUARANTY TRUST COMPANY OF NEW YORK
140 Broadway, New York 15, N. Y.

NEW YORK DOCK COMPANY

JORALEMON & FURMAN STREETS

BROOKLYN 1, NEW YORK

To the Stockholders:

Net income for the year 1957 amounted to \$433,712, as follows:

Net income before extraordinary income and Federal income taxes	\$458,043
Extraordinary income:	
Profit realized on securities sold, less provision for unrealized loss.....	66,248
Miscellaneous.....	34,421
Net income before provision for Federal income taxes.....	\$558,712
Provision for Federal income taxes.....	125,000
Net income for the year.....	<u>\$433,712</u>

Net gains of \$98,786 on sales of real estate and equipment have been credited directly to earned surplus.

Two new carfloats costing approximately \$600,000 were acquired by New York Dock Railway during the year with funds advanced by the Company, of which \$460,000 was borrowed from a bank, payable in quarter-annual installments over a three-year period.

The investment portfolio at the end of the year amounted to \$6,072,562, as shown below:

<i>Shares</i>	<i>Security</i>	<i>Market Value</i>
83,500	American Bank Note.....	\$2,713,750
5,000	Associated Dry Goods.....	145,000
5,172	Berks County Trust (Reading, Pa.).....	124,128
5,600	Best & Co.....	156,800
16,193	Bush Terminal Co.....	287,426
4,000	Collins & Aikman.....	60,000
182,980	Coty, Inc.....	1,075,008
31,000	Coty International.....	62,000
37,200	Dunhill International.....	372,000
2,000	General Cigar.....	98,750
2,000	International Silver.....	54,000
5,000	National Biscuit.....	210,000
27,300	New Jersey Zinc.....	498,225
16,900	Spalding Bros. (A. G.).....	215,475
		<u>\$6,072,562</u>

The Company's offer to settle its suit for refund of Federal income taxes, resulting from a loss claimed in its 1950 tax return, has been accepted by the Commissioner of Internal Revenue subject to the approval of the Joint Congressional Committee on Internal Revenue Taxation. If approved, the Company will receive refunds of approximately \$1,200,000 including interest. A portion of such refunds will be payable to holders of preferred stock who surrendered their shares for cancellation in 1956, as set forth in Note (2) (b) to the financial statements.

Refunds of Federal income taxes paid for the year 1954 and two installments paid for the year 1955, in the amount of \$827,118, resulting from operating loss carry-backs, as set forth in Note (2) (a) to the financial statements, were received in November 1957. The proceeds, together with funds on hand, were used to pay off short-term bank loans of \$1,000,000.

Dividends of \$5.00 per share on the preferred stock and \$4.00 per share on the common stock were declared out of net earnings for 1957, as follows:

Preferred stock—\$2.50 paid on September 3, 1957 and \$2.50 on February 24, 1958.

Common stock—\$2.00 paid on February 24, 1958 and \$2.00 payable August 25, 1958.

During 1957, the Company purchased 2,310 shares of its preferred stock at a cost of \$231,385. These shares were retired and cancelled at the end of the year, leaving 31,390 shares outstanding. The excess of cost over stated value of such retired shares has been charged in part to capital surplus and in part to earned surplus. The Company also reacquired 2,710 shares of its common stock during the year, bringing the amount in the treasury to 4,810 shares at December 31, 1957.

The common stock of your Company has been removed from trading on the New York Stock Exchange because of the small number of stockholders of record. Despite the Company's protest, the Securities and Exchange Commission granted the Stock Exchange's application. The preferred stock remains listed on the New York Stock Exchange.

Financial statements for the Company and its wholly-owned subsidiary, New York Dock Railway, are shown on pages 4 to 12 of this report.

By Order of the Board of Directors

J. A. MURPHY

President

March 24, 1958

NEW YORK DOCK COMPANY

Comparative Statement of Income

For the Years Ended December 31, 1957 and 1956

REVENUES:	1957	1956
From operation of properties.....	\$1,405,336	\$2,152,942
Dividends and interest.....	317,488	326,053
Miscellaneous.....	65,089	46,800
	<u>1,787,913</u>	<u>2,525,795</u>
EXPENSES:		
Operating, maintenance and administrative.....	961,280	1,287,678
Depreciation.....	92,906	135,319
Taxes, other than Federal income.....	205,636	331,289
Interest.....	68,066	67,541
Miscellaneous.....	1,982	2,278
	<u>1,329,870</u>	<u>1,824,105</u>
	<u>458,043</u>	<u>701,690</u>
EXTRAORDINARY CREDITS AND (CHARGES):		
Refund of prior years' real estate taxes.....	19,224	300,539
Net profit realized on securities sold.....	76,498	324,327
Provision for unrealized loss on securities.....	(10,250)	—
Sundry reserves no longer required, net.....	14,300	80,000
Miscellaneous, net.....	897	(2,133)
	<u>100,669</u>	<u>702,733</u>
Net income before provision for Federal income taxes.....	558,712	1,404,423
PROVISION FOR FEDERAL INCOME TAXES (Note 2).....	125,000	500,000
Net income for the year.....	<u>\$ 433,712</u>	<u>\$ 904,423</u>

See accompanying Notes to Financial Statements on pages 8 and 9.

NEW YORK DOCK COMPANY

Statement of Surplus *For the Year Ended December 31, 1957*

CAPITAL SURPLUS

AT DECEMBER 31, 1956.....	\$3,183,946
Deduct portion of capital surplus applicable to 2,310 shares of preferred stock cancelled and retired in 1957.....	70,925
AT DECEMBER 31, 1957.....	<u>\$3,113,021</u>

EARNED SURPLUS

AT DECEMBER 31, 1956.....	\$2,624,310
Net income for the year ended December 31, 1957.....	\$ 433,712
Special credit—Net gain from sale of real estate and equipment.....	98,786
	<u>532,498</u>
	3,156,808

Deduct:

Excess of cost of 2,310 shares of preferred stock cancelled and retired in 1957 over stated value (\$115,500), plus portion of capital surplus applicable to such shares (\$70,925)..... \$ 44,960

Dividends on preferred stock:

March 1, 1957—\$2.50 per share.....	84,250
September 3, 1957—\$2.50 per share.....	79,750

Dividends on common stock:

March 1, 1957—\$2.00 per share.....	134,782	
September 3, 1957—\$2.00 per share.....	131,780	475,522

AT DECEMBER 31, 1957.....	<u>\$2,681,286</u>
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See accompanying Notes to Financial Statements on pages 8 and 9.

NEW YORK D

Comparative

December 31

ASSETS		1957	1956
CURRENT ASSETS:			
Demand deposits and cash on hand.....	\$	382,463	\$ 1,133,014
Marketable securities at quoted market (\$695,750 pledged as security for note payable to bank, December 31, 1957)...		6,072,562	5,731,733
Accounts receivable, less allowance for doubtful accounts....		85,776	141,542
Total current assets.....		6,540,801	7,006,289
OTHER ASSETS:			
Claim for refund of Federal income taxes (Note 2).....	—		827,118
Miscellaneous deposits.....		5,075	5,075
Investment in and advances to New York Dock Railway—less reserve (Note 1).....		1,519,666	1,015,303
Total other assets.....		1,524,741	1,847,496
CAPITAL ASSETS—at book value in 1914 plus subsequent additions at cost, less retirements at cost or estimated cost:			
Real estate.....		6,592,840	6,920,123
Equipment, machinery, tools, etc.....		92,444	83,943
		6,685,284	7,004,066
Less—Accumulated depreciation.....		896,894	920,814
Total capital assets.....		5,788,390	6,083,252
PREPAID EXPENSES AND DEFERRED ITEMS:			
Prepaid insurance.....		29,278	25,140
Other deferred items.....		23,758	21,612
Total prepaid expenses and deferred items.....		53,036	46,752
		\$13,906,968	\$14,983,789

See accompanying Notes to Financial Statements

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Balance Sheet

1957 and 1956

LIABILITIES

	1957	1956
CURRENT LIABILITIES:		
Notes payable to banks.....	\$ 500,000	\$1,500,000
Accounts payable and accrued expenses.....	104,976	338,345
Accrued taxes—Estimated.....	198,176	196,079
Accrued interest.....	4,509	10,500
Portion of note payable to bank due within one year—Secured.	153,334	—
Total current liabilities.....	960,995	2,044,924
NOTE payable to bank in quarterly installments to July 16, 1960— Secured (less \$153,334 due within one year).....	268,333	—
RESERVES:		
Reserve for Federal income tax contingencies (Note 2).....	2,171,695	2,046,695
Reserve for workmen's compensation insurance.....	22,424	47,340
Other reserves.....	8,691	18,931
Total reserves.....	2,202,810	2,112,966
CAPITAL STOCK AND SURPLUS:		
Capital stock (Note 4):		
Preferred — \$5.00 non-cumulative — without par value (stated value \$50.00 per share):		
Authorized and issued—31,390 shares (33,700 shares issued, 1956).....	1,569,500	1,685,000
Common—without par value (stated value \$50.00 per share):		
Authorized—219,124 shares		
Issued — 70,000 shares.....	3,500,000	3,500,000
Total capital stock.....	5,069,500	5,185,000
Capital surplus.....	3,113,021	3,183,946
Earned surplus (Notes 2, 3, 5 and 6).....	2,681,286	2,624,310
	10,863,807	10,993,256
Less—Common stock reacquired and held in Treasury—4,810 shares at cost (2,100 shares at cost, 1956).....	388,977	167,357
Total capital stock and surplus.....	10,474,830	10,825,899
	<u>\$13,906,968</u>	<u>\$14,983,789</u>

Financial Statements on pages 8 and 9.

NEW YORK DOCK COMPANY

Notes to Financial Statements

December 31, 1957

(1) INVESTMENT IN AND ADVANCES TO NEW YORK DOCK RAILWAY:

The Company owns three shares of the common stock of New York Dock Railway, being all of such stock outstanding. At December 31, 1957 the amount of the Company's investment and advances to this subsidiary was the same as its equity in the subsidiary's net assets as shown by the balance sheet of the latter.

Financial statements pertaining to the Railway are shown on pages 11 and 12.

(2) FEDERAL INCOME TAXES:

(a) *Tax refunds and credits arising out of the loss on sale of certain properties on March 1, 1956:*

In its Federal income tax return for the year 1956, the Company claimed a loss on the sale of certain properties to The Port of New York Authority. With respect to the depreciable properties sold, the loss claimed for income tax purposes was the same as the book loss. However, with respect to the land sold, which had a carrying-value of \$11,677,617 based upon book value in 1914 plus subsequent additions at cost, the adjusted tax basis has been computed by the Company to be \$15,671,089 and, consequently, the loss claimed for income tax purposes is approximately \$4,000,000 higher than the related book loss.

Based upon the loss claimed on the sale of the properties, the Company in 1957 collected income tax refunds amounting to \$827,118 plus interest for taxes paid for the year 1954 and two installments paid for the year 1955. In addition, the Company's claim for abatement of unpaid Federal income taxes for 1955 was allowed by the taxing authorities in 1957 pending examination of the Federal income tax return filed for the year 1956. For the years 1956 and 1957, the Company charged income with \$500,000 and \$125,000, respectively, being provisions for Federal income taxes accrued on income for these two years before deducting any loss or carry-forward loss arising out of the sale of the properties. The offsetting credit amounting to \$625,000 was added to the reserve for Federal income tax contingencies which, as of December 31, 1957, amounted to \$2,171,695 as follows:

Refund of taxes paid for year 1954 and two installments paid for year 1955.....	\$ 827,118
Abatement of unpaid portion of taxes for year 1955.....	719,577
Amount of provisions for Federal income taxes accrued on income for years 1956 and 1957 before deducting any loss or carry-forward loss arising out of the sale of the properties.....	625,000
	\$2,171,695

The Company has thus accumulated a reserve for Federal income tax contingencies substantially equal to the full amount of its claims for income tax refunds and other tax credits arising out of the loss on the sale of property to The Port of New York Authority on March 1, 1956.

In the event the taxing authorities allow the loss as claimed, the aforementioned reserve will be credited to earned surplus and, in addition, approximately \$3,500,000 will be available as an operating loss carry-forward for years subsequent to 1957.

(b) *Suit filed in the Court of Claims:*

The suit filed by the Company in the Court of Claims is still pending. An offer in compromise made by the Company in 1957 has been accepted by the Tax Division of the Attorney General's Office, subject to a recomputation by the Internal Revenue Service of the precise amount of income tax refundable; subject to referral of the proposed settlement to the Joint Committee on Internal Revenue Taxation; and subject to the right to withdraw acceptance of the offer after the report of the Joint Committee has been received. The Commissioner of Internal Revenue is being requested to prepare the proposed settlement for submission to the Joint Committee. It is anticipated that, if the Joint Committee approves the proposed settlement, the Company will be entitled to collect approximately \$1,200,000 in refunds and interest. Approximately 35% of such refunds, less certain taxes and expenses in connection therewith, will be payable to holders of Preferred Stock who surrendered their stock for cancellation and retirement under options made available to all holders of preferred stock during the period from April 24, 1956 to July 24, 1956. No amount has been included in the balance sheet with respect to the above.

(3) LITIGATION AGAINST THE COMPANY:

A suit has been brought against the Company in the amount of \$959,320 with interest thereon from January 15, 1954 for property damages arising out of a fire which occurred in premises owned by the Company and leased to a tenant in the warehousing business. The action is being defended by counsel for the insurance companies with whom the Company has coverage for such claims up to \$250,000. Counsel for the Company has stated they are not now in a position to express any opinion in respect of the ultimate liability, if any, of the Company in excess of its policy limits.

(4) CAPITAL STOCK:

The preferred stock is entitled to non-cumulative dividends to the extent of \$5.00 per share out of the net earnings of each fiscal year before any dividends for such year shall be paid on the common stock. In any year in which dividends of \$5.00 per share have been declared on both common and preferred stocks, all shares of stock, whether preferred or common, participate equally in any further dividends for such year. The preferred stock has no preference over the common stock in the event of dissolution or distribution of the assets of the Company.

(5) RESTRICTION OF EARNED SURPLUS:

Earned surplus is restricted in the amount of \$388,977, the cost of common stock reacquired and held in the treasury.

(6) DIVIDENDS:

On January 15, 1958 dividends were declared payable February 24, 1958 in the amount of \$2.50 per share on preferred stock and \$2.00 per share on common stock; a further dividend of \$2.00 per share on common stock was also declared payable August 25, 1958. The aggregate amount of dividends paid on February 24, 1958 was \$208,450.

Accountants' Report

TO THE BOARD OF DIRECTORS,
New York Dock Company:

We have examined the balance sheet of New York Dock Company as of December 31, 1957 and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect of final determination of the matters referred to in Notes 2 and 3 to the financial statements, the accompanying balance sheet and statements of income and surplus present fairly the financial position of New York Dock Company at December 31, 1957 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Accountants and Auditors

New York, N. Y.
March 20, 1958.

NEW YORK DOCK RAILWAY
Comparative Balance Sheet, December 31, 1957 and 1956

ASSETS		1957	1956
INVESTMENTS:			
Road and equipment property, at cost:			
Road and structures.....		\$ 429,311	\$ 421,131
Equipment.....		1,327,429	772,157
		1,756,740	1,193,288
Less accrued depreciation.....		437,413	392,595
		1,319,327	800,693
Land, at cost.....		110,588	110,588
		<u>1,429,915</u>	<u>911,281</u>
CURRENT ASSETS:			
Cash.....		67,898	55,400
Accounts receivable.....		109,584	187,623
Materials and supplies.....		31,363	31,593
		<u>208,845</u>	<u>274,616</u>
SPECIAL DEPOSITS:			
Securities deposited with Comptroller of the City of New York, at cost.....		15,234	15,234
Workmen's compensation insurance—deposit premiums.....		60,186	41,258
		<u>75,420</u>	<u>56,492</u>
UNADJUSTED DEBITS:			
Insurance premiums paid in advance.....		15,297	10,955
Miscellaneous.....		2,189	4,454
		<u>17,486</u>	<u>15,409</u>
		<u><u>\$1,731,666</u></u>	<u><u>\$1,257,798</u></u>
LIABILITIES			
CAPITAL STOCK:			
Preferred 6% cumulative:			
Authorized, 4,500 shares, par value \$100.00 per share			
Issued and outstanding, 30 shares.....		\$ 3,000	\$ 3,000
Less held for retirement, 30 shares.....		3,000	3,000
		<u>—</u>	<u>—</u>
Common:			
Authorized, 500 shares, par value \$100.00 per share			
Issued and outstanding, 3 shares.....		300	300
CURRENT LIABILITIES:			
Accounts payable and accrued expenses.....		151,542	210,090
Accrued taxes.....		60,458	32,405
		212,000	242,495
New York Dock Company—current account.....		1,874,244	1,413,871
		<u>2,086,244</u>	<u>1,656,366</u>
SURPLUS (DEFICIT):			
Paid-in surplus.....		3,000	3,000
Earned surplus (deficit).....		(357,878)	(401,868)
		<u>(354,878)</u>	<u>(398,868)</u>
		<u><u>\$1,731,666</u></u>	<u><u>\$1,257,798</u></u>

NEW YORK DOCK RAILWAY

Comparative Statement of Income and Earned Surplus {Deficit} For the Years Ended December 31, 1957 and December 31, 1956

	1957	1956
Operating revenues.....	\$1,479,804	\$1,510,740
Operating expenses.....	962,770	999,935
Depreciation.....	44,819	37,695
Tax accruals (includes Federal income taxes 1957—\$10,999; 1956—\$2,914).....	83,726	93,820
	<u>1,091,315</u>	<u>1,131,450</u>
Net railway operating income.....	388,489	379,290
Miscellaneous other income.....	10,959	10,167
	<u>399,448</u>	<u>389,457</u>
FIXED CHARGES:		
Rent for leased road.....	272,374	293,878
Interest.....	83,084	75,818
	<u>355,458</u>	<u>369,696</u>
Net income for the period.....	43,990	19,761
Balance of earned surplus (deficit) beginning of period.....	(401,868)	(421,629)
Earned surplus (deficit) at end of period.....	<u>\$ (357,878)</u>	<u>\$ (401,868)</u>

NOTE: Depreciation has been provided on a straight-line basis at rates prescribed by the Interstate Commerce Commission. The practice of the Railway with reference to maintenance, repairs, renewals, retirements and other disposals of properties is in accordance with regulations prescribed by the Interstate Commerce Commission.

Accountants' Report

TO THE BOARD OF DIRECTORS OF NEW YORK DOCK RAILWAY:

We have examined the balance sheet of New York Dock Railway as of December 31, 1957 and the related statement of income and surplus for the year then ended. We did not participate in the physical inventory of the materials and supplies on hand. In lieu thereof, we satisfied ourselves as to this asset by alternative auditing procedures. In all other respects our examination was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of New York Dock Railway at December 31, 1957 and the results of its operations for the year then ended, in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & Co.
Accountants and Auditors

New York, N. Y.,
March 20, 1958.

